

The principal financial statements included in Interior's FY 2009 Annual Financial Report have been prepared in accordance with the requirements of the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994, and the Office of Management and Budget's Circular A-136, *Financial Reporting Requirements*. These statements include the following:

- ▶ Balance Sheet
- ▶ Statement of Net Cost
- ▶ Statement of Changes in Net Position
- ▶ Statement of Budgetary Resources
- ▶ Statement of Custodial Activity

The responsibility for the integrity of the financial information included in these statements rests with Interior's management. The audit of Interior's principal financial statements was performed by an independent certified public accounting firm selected by Interior's Office of Inspector General. The auditors' report, issued by the independent certified public accounting firm, is included in Part 2, Financial Section, of this report.

## PRINCIPAL FINANCIAL STATEMENTS

### Balance Sheet as of September 30, 2009 and 2008 (dollars in thousands)

	FY 2009	FY 2008
<b>ASSETS</b>		
Intragovernmental Assets:		
Fund Balance with Treasury (Note 2)	\$ 41,728,717	\$ 37,932,964
Investments, Net (Note 3)	7,052,150	7,345,098
Accounts and Interest Receivable (Note 4)	3,976,487	1,703,833
Loans and Interest Receivable, Net (Note 5)	3,338,756	3,063,916
Other	4,622	556
Total Intragovernmental Assets	56,100,732	50,046,367
Cash	456	474
Investments, Net (Note 3)	23	201,513
Accounts and Interest Receivable, Net (Note 4)	1,226,814	1,580,305
Loans and Interest Receivable, Net (Note 6)	109,056	115,195
Inventory and Related Property, Net (Note 7)	224,364	236,647
General Property, Plant and Equipment, Net (Note 8)	18,989,791	18,306,908
Other	268,553	191,858
<b>TOTAL ASSETS (Note 10)</b>	<b>\$ 76,919,789</b>	<b>\$ 70,679,267</b>
Stewardship Assets (Note 9)		
<b>LIABILITIES</b>		
Intragovernmental Liabilities:		
Accounts Payable	\$ 678,968	\$ 611,625
Debt (Note 11)	643,272	715,109
Other		
Liability for Capital Transfer to the General Fund of the Treasury (Note 21)	2,048,439	2,050,466
Advances and Deferred Revenue	627,065	542,603
Custodial Liability	495,508	681,949
Other Liabilities	571,051	559,203
Total Intragovernmental Liabilities	\$ 5,064,303	\$ 5,160,955
Accounts Payable	890,421	960,208
Loan Guarantee Liability (Note 6)	50,779	36,180
Federal Employee and Veteran Benefits Payable (Note 12)	1,394,446	1,383,223
Environmental and Disposal Liabilities (Note 13)	155,684	155,548
Other		
Refunds Payable	2,150,034	-
Contingent Liabilities (Note 13)	126,931	1,188,548
Advances and Deferred Revenue	793,888	1,060,626
Payments Due to States	476,873	632,284
Grants Payable	297,633	292,228
Other Liabilities	955,977	957,845
<b>TOTAL LIABILITIES (Note 14)</b>	<b>\$ 12,356,969</b>	<b>\$ 11,827,645</b>
Commitments and Contingencies (Note 13 and 15)		
Net Position		
Unexpended Appropriations - Earmarked Funds (Note 20)	448,217	416,215
Unexpended Appropriations - Other Funds	6,437,188	4,128,062
Cumulative Results of Operations - Earmarked Funds (Note 20)	54,125,552	52,113,540
Cumulative Results of Operations - Other Funds	3,551,863	2,193,805
Total Net Position	64,562,820	58,851,622
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 76,919,789</b>	<b>\$ 70,679,267</b>

The accompanying notes are an integral part of these financial statements.

**Statement of Net Cost**  
**for the years ended September 30, 2009 and 2008**  
*(dollars in thousands)*

	FY 2009	FY 2008
<b>RESOURCE PROTECTION</b>		
Costs	\$ 4,699,990	\$ 4,574,137
Less: Earned Revenue	710,275	793,771
Net Cost	3,989,715	3,780,366
<b>RESOURCE USE</b>		
Costs	3,815,256	5,314,798
Less: Earned Revenue	1,424,551	1,341,168
Net Cost	2,390,705	3,973,630
<b>RECREATION</b>		
Costs	3,185,965	2,953,708
Less: Earned Revenue	320,701	321,229
Net Cost	2,865,264	2,632,479
<b>SERVING COMMUNITIES</b>		
Costs	5,350,284	5,296,236
Less: Earned Revenue	457,950	518,423
Net Cost	4,892,334	4,777,813
<b>REIMBURSABLE ACTIVITY AND OTHER</b>		
Costs	2,467,643	2,436,747
Less: Earned Revenue	1,513,844	1,355,286
Net Cost	953,799	1,081,461
<b>TOTAL</b>		
Costs	19,519,138	20,575,626
Less: Earned Revenue	4,427,321	4,329,877
Net Cost of Operations (Notes 17 and 19)	\$ 15,091,817	\$ 16,245,749

The accompanying notes are an integral part of these financial statements.

**Statement of Changes in Net Position**  
**for the years ended September 30, 2009 and 2008**  
*(dollars in thousands)*

	FY 2009			FY 2008		
	Earmarked	All Other	Consolidated	Earmarked	All Other	Consolidated
	(Note 20)			(Note 20)		
<b>UNEXPENDED APPROPRIATIONS</b>						
Beginning Balance	\$ 416,215	\$ 4,128,062	\$ 4,544,277	\$ 335,545	\$ 3,774,190	\$ 4,109,735
Adjustments						
Changes in Earmarked Classification	(152,550)	152,550	-	-	-	-
Beginning Balance, as adjusted	263,665	4,280,612	4,544,277	335,545	3,774,190	4,109,735
Budgetary Financing Sources						
Appropriations Received, General Funds	479,897	13,084,992	13,564,889	490,267	11,001,628	11,491,895
Appropriations Transferred In/(Out)	(1,813)	11,450	9,637	976	26,242	27,218
Appropriations-Used	(301,343)	(10,911,209)	(11,212,552)	(400,055)	(10,503,971)	(10,904,026)
Other Adjustments	7,811	(28,657)	(20,846)	(10,518)	(170,027)	(180,545)
Net Change	184,552	2,156,576	2,341,128	80,670	353,872	434,542
Ending Balance - Unexpended Appropriations	\$ 448,217	\$ 6,437,188	\$ 6,885,405	\$ 416,215	\$ 4,128,062	\$ 4,544,277
<b>CUMULATIVE RESULTS OF OPERATIONS</b>						
Beginning Balance	\$ 52,113,540	\$ 2,193,805	\$ 54,307,345	\$ 49,148,058	\$ 2,746,813	\$ 51,894,871
Adjustments						
Changes in Earmarked Classification	(118,892)	118,892	-	-	-	-
Changes in Accounting Principle (Note 22)	-	(304,991)	(304,991)	-	-	-
Beginning Balance, as adjusted	51,994,648	2,007,706	54,002,354	49,148,058	2,746,813	51,894,871
Budgetary Financing Sources						
Appropriations-Used	301,343	10,911,209	11,212,552	400,055	10,503,971	10,904,026
Royalties Retained	4,458,799	2,855	4,461,654	5,796,448	7,193	5,803,641
Non-Exchange Revenue	1,005,187	7,452	1,012,639	936,211	20,858	957,069
Transfers In/(Out) without Reimbursement	486,968	23,416	510,384	651,562	(26,933)	624,629
Donations and Forfeitures of Cash and Cash Equivalents	37,729	-	37,729	65,205	-	65,205
Other Budgetary Financing Sources (Uses)	(2,489)	-	(2,489)	(14,887)	1,120	(13,767)
Other Adjustments	(8,377)	5,436	(2,941)	114	241	355
Other Financing Sources						
Donations and Forfeitures of Property	11,039	13,757	24,796	3,393	14,421	17,814
Transfers In/(Out) without Reimbursement	(57,137)	75,808	18,671	(59,081)	1,623	(57,458)
Imputed Financing from Costs Absorbed by Others (Note 16)	133,411	1,499,532	1,632,943	133,752	338,338	472,090
Other Non-Budgetary Financing Sources (Uses)	(12,929)	(126,131)	(139,060)	-	(115,381)	(115,381)
Total Financing Sources	6,353,544	12,413,334	18,766,878	7,912,772	10,745,451	18,658,223
Net Cost of Operations	(4,222,640)	(10,869,177)	(15,091,817)	(4,947,290)	(11,298,459)	(16,245,749)
Net Change	2,130,904	1,544,157	3,675,061	2,965,482	(553,008)	2,412,474
Ending Balance - Cumulative Results of Operations	\$ 54,125,552	\$ 3,551,863	\$ 57,677,415	\$ 52,113,540	\$ 2,193,805	\$ 54,307,345
<b>TOTAL NET POSITION</b>	<b>\$ 54,573,769</b>	<b>\$ 9,989,051</b>	<b>\$ 64,562,820</b>	<b>\$ 52,529,755</b>	<b>\$ 6,321,867</b>	<b>\$ 58,851,622</b>

The accompanying notes are an integral part of these financial statements.

**Statement of Budgetary Resources**  
**for the years ended September 30, 2009 and 2008**  
*(dollars in thousands)*

	<b>Total Budgetary Accounts</b>		<b>Non-Budgetary Credit Program</b>	
	<b>2009</b>	<b>2008</b>	<b>Financing Accounts</b>	
			<b>2009</b>	<b>2008</b>
<b>Budgetary Resources:</b>				
Unobligated Balance, Beginning of Fiscal Year:	\$ 7,080,633	\$ 5,724,423	\$ 43,220	\$ 111,486
Change in Accounting Principle (Note 22)	(102,507)	-	-	-
Recoveries of Prior Year Unpaid Obligations	466,065	488,802	-	-
Budget Authority				
Appropriation	19,858,187	17,659,886	-	1,113
Borrowing Authority	-	-	2,665	2,426
Spending Authority from Offsetting Collections				
Earned				
Collected	\$ 4,875,123	\$ 4,674,107	27,508	44,562
Change in Receivables from Federal Sources	54,359	71,067	(61)	61
Change in Unfilled Customer Orders				
Advance Received	43,007	(69,227)	-	-
Without Advance from Federal Sources	214,333	588,231	-	-
Total Budget Authority	25,045,009	22,924,064	30,112	48,162
Nonexpenditure Transfers, Net, Anticipated and Actual	(216,665)	(25,528)	-	-
Temporarily Not Available Pursuant to Public Law	-	(2,643)	-	-
Permanently Not Available	(64,681)	(200,324)	(9,550)	(24,434)
<b>Total Budgetary Resources</b>	<b>\$ 32,207,854</b>	<b>\$ 28,908,794</b>	<b>\$ 63,782</b>	<b>\$ 135,214</b>
<b>Status of Budgetary Resources:</b>				
Obligations Incurred				
Direct	\$ 17,385,644	\$ 17,088,920	\$ 28,315	\$ 91,994
Reimbursable	5,154,261	4,739,241	-	-
Total Obligations Incurred	22,539,905	21,828,161	28,315	91,994
Unobligated Balance Available				
Apportioned	9,449,978	6,851,102	35,467	5,731
Exempt from Apportionment	34,933	40,682	-	-
Total Unobligated Balance Available	9,484,911	6,891,784	35,467	5,731
Unobligated Balance Not Available	183,038	188,849	-	37,489
<b>Total Status of Budgetary Resources</b>	<b>\$ 32,207,854</b>	<b>\$ 28,908,794</b>	<b>\$ 63,782</b>	<b>\$ 135,214</b>
<b>Change in Obligated Balance:</b>				
Obligated Balance, Net				
Unpaid Obligations, Brought Forward, Beginning of Fiscal Year	\$ 9,223,469	\$ 9,093,349	\$ 61	\$ 3
Less: Uncollected Customer Payments From Federal Sources,				
Brought Forward, Beginning of Fiscal Year	(1,746,775)	(1,087,477)	(61)	-
Total Unpaid Obligated Balances, Net, Beginning of Fiscal Year	7,476,694	8,005,872	-	3
Obligations Incurred, Net	22,539,905	21,828,161	28,315	91,994
Less: Gross Outlays	(21,460,543)	(21,209,239)	(28,376)	(91,936)
Less: Recoveries of Prior Year Unpaid Obligations, Actual	(466,065)	(488,802)	-	-
Change in Uncollected Customer Payments From Federal Sources	(268,692)	(659,298)	61	(61)
<b>Total, Unpaid Obligated Balance, Net, End of Period</b>	<b>\$ 7,821,299</b>	<b>\$ 7,476,694</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Obligated Balance, Net, End of Period - By Component:</b>				
Unpaid Obligations	9,836,765	9,223,469	-	61
Less: Uncollected Customer Payments From Federal Sources	(2,015,466)	(1,746,775)	-	(61)
<b>Total, Unpaid Obligated Balance, Net, End of Period</b>	<b>\$ 7,821,299</b>	<b>\$ 7,476,694</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Outlays:</b>				
Net Outlays				
Gross Outlays	21,460,543	21,209,239	28,376	91,936
Less: Offsetting Collections	(4,918,130)	(4,604,881)	(27,508)	(44,562)
Less: Distributed Offsetting Receipts	(5,257,387)	(6,924,469)	-	-
<b>Net Outlays (Receipts)</b>	<b>\$ 11,285,026</b>	<b>\$ 9,679,889</b>	<b>\$ 868</b>	<b>\$ 47,374</b>

The accompanying notes are an integral part of these financial statements.

**Statement of Custodial Activity**  
**for the years ended September 30, 2009 and 2008**  
*(dollars in thousands)*

	2009	2008
<b>Revenues on Behalf of the Federal Government</b>		
<b>Mineral Lease Revenue</b>		
Rents and Royalties	\$ 7,489,653	\$ 13,487,955
Onshore Lease Sales	360,331	741,521
Offshore Lease Sales	1,201,641	9,541,682
Strategic Petroleum Reserve	268,537	1,600,027
<b>Total Revenue</b>	<b>\$ 9,320,162</b>	<b>\$ 25,371,185</b>
<b>Disposition of Revenue</b>		
<b>Distribution to Department of the Interior</b>		
National Park Service Conservation Funds	\$ 1,049,000	\$ 1,046,941
Bureau of Reclamation	1,454,181	1,964,133
Minerals Management Service	2,332,550	2,931,053
Bureau of Land Management	37,445	69,917
Fish and Wildlife Service	1,407	2,747
<b>Distribution to Other Federal Agencies</b>		
Department of the Treasury	4,430,239	17,620,162
Department of Agriculture	82,950	101,870
Department of Commerce	-	27
Department of Energy	318,537	1,650,027
<b>Distribution to Indian Tribes and Agencies</b>	<b>-</b>	<b>140,147</b>
<b>Distribution to States and Others</b>	<b>55,889</b>	<b>107,098</b>
<b>Change in Untransferred Revenue</b>	<b>(448,309)</b>	<b>(279,401)</b>
<b>Royalty Credits Redeemed</b>	<b>6,273</b>	<b>16,464</b>
<b>Total Disposition of Revenue</b>	<b>\$ 9,320,162</b>	<b>\$ 25,371,185</b>
<b>Net Custodial Activity</b>	<b>\$ -</b>	<b>\$ -</b>

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